

House
REPUBLICAN
Conference

FACT SHEET

JOHN BOEHNER
Chairman
8th District, Ohio

THE BALANCED BUDGET PLAN of 1997

SUMMARY OF MAJOR COMPONENTS
UPDATE - 6 May 1997

KEY COMPONENTS

- ▶ **TAX RELIEF** — Assumes gross tax relief of \$135 billion over 5 years, which can accommodate a child tax credit, death tax relief, capital gains tax relief, and expanded IRA's, and relief for parents who send their kids to college.
- ▶ **MEDICARE** — Saves Medicare for 10 years, providing America's seniors more choice, and enacting real reforms that save \$115 billion over 5 years, while still allowing overall spending growth.
- ▶ **MEDICAID** — Responding to Governors' concerns, grants States greater flexibility to meet the needs of vulnerable populations — and assumes no per-capita cap on Medicaid spending.
- ▶ **TOTAL ENTITLEMENT SAVINGS** — Achieves total entitlement savings of about \$200 billion over 5 years and \$600 billion to \$700 billion over 10 years. The plan contains no new entitlements.
- ▶ **CPI** — No legislated change in the Consumer Price Index.

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- ▶ **DEFENSE** — Provides an increase in defense spending compared with last year's budget resolution.
 - ▶ **PRESIDENTIAL INITIATIVES** — The plan accepts approximately \$30 billion for the President's initiatives relating to children's health insurance, welfare-to-work incentives, Supplemental Security Income [SSI] disability benefits, and more work slots for food stamp recipients.
 - ▶ **NONDEFENSE DISCRETIONARY SPENDING** — Increases spending by about \$35 billion above a freeze at 1997 spending levels after fully funding current occupancy levels in section 8 housing (half of whose population consists of the elderly and disabled).
 - ▶ **ECONOMIC ASSUMPTIONS** — The plan is entirely based on Congressional Budget Office economic assumptions.